HUMAN EVENTS

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News Section *Printed in Two Sections*

Stevenson: "Schizophrenia" is the $64 term being applied to the Democratic party in its present internal North-South convulsion, and indeed, the word is being extended to cover that party's front running candidate Adlai Stevenson; not merely because of Adlai's worry over that sectional convulsion, but because of his rather obvious schizophrenic personality. Those who knew Adlai in Chicago, Springfield and war-time Washington think it's not an altogether unfair term to use about someone whom they knew as rather neurotic. And that's no joke, as friends see it. For they ask — since Adlai isn't getting any better in this respect than he used to be, what are the voters going to think?

This consideration has worried Mrs. Dorothy Schiff, publisher of the left-wing Democratic *New York Post*, and one of Adlai's biggest backers. She develops concern about a recent piece Adlai wrote for the *American Weekly*, describing how in his duties as Assistant Secretary of the Navy in 1941, he carried an important intelligence message from the Navy Secretary to President Franklin D. Roosevelt, then meeting Winston Churchill off the coast of Labrador. Adlai describes himself as tongue-tied and jittery as he delivered the message (which FDR received with utter calm) and "feeling more and more the fool," he "stammered out some senseless reply to FDR." As Adlai left the President — "I stepped into a closed door," remarks Adlai, "thereby dislocating my nose."

Mrs. Schiff commented: "Modesty is an attractive trait. Except in a professional entertainer, absurdity is not. Will the voters think the story Adlai tells on himself is funny? Will they laugh with him? Or will they begin to have doubts about Stevenson's stature? Will they laugh at him? . . . Isn't there a danger that, in this instance, his sense of humor might be construed as a symptom of an inferiority complex?" Not only Mrs. Schiff has noticed it. Observers in general, trying to find a phrase to describe Adlai's exact intentions on what to do about civil rights and the race question come up finally with "the Hamlet from Springfield."

Khrushchev Speech: That now famous speech, in which the new Soviet dictator denounced Stalin, was reportedly leaked out — although indirectly — to United States officials by Kremlin agents. Reason: Moscow wanted the U.S. to spread the story in the West so as to give added color of credibility to the picture of "reformed Communists" which is the current Soviet maneuver. The British and French also got copies. Those governments are obviously nonplussed as to why the U.S. State Department issued the documents. British and French (and not a few Americans) wonder why the State Department did not leak the speech out via American papers rather than to lend some of its prestige to this self-serving Khrushchev utterance.

Foreign Aid: Senator Joseph McCarthy spearheaded the fight against U.S. aid to Marshal Tito (who had just been received again into the bosom of the Kremlin), although McCarthy's efforts — also sponsored by Jenner and Knowland — received little recognition in the press (radio commentators were somewhat fairer). The old familiar pattern of suppression or playdown of McCarthy's speeches, statements and resolutions goes on. The McCarthy resolution would not only ban any future appropriations for Tito but would also cancel current ones for supplies not as yet delivered. This latter includes military aid; the story goes that McCarthy learned that such aid now committed to Red Yugoslavia amounts to over $125 million — and this intelligence spurred the Senator to action.

Grass roots opposition to foreign aid, especially to Tito, is "tremendous" say Members of Congress who get such reports from their constituencies. At the White House conference early this week (when Ike urged restoration of aid cuts), GOP

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Congressional leaders were vehement in stressing this — according to reliable informants. Knowland reportedly pounded the table, even the normally quiet House leader Martin chimed in with Knowland — warning the President of the warmth of popular sentiment against such aid.

Under the Capitol Dome: According to talk in the Senate cloakroom, the Palace Guard and Dewey clique continue to intrigue against Vice President Nixon. Latest word on the grapevine is that these elements are planting an opposition-to-Nixon group in the Oklahoma GOP delegation. This subterranean group, it is planned, would surface (together with other groups from other states) at the GOP convention, unless — of course — the President shows unalterable support for Nixon as his running-mate.

● GOP Senate leader Knowland took a strong states' rights line in the debate on the labor provisions of the Federal Highway Act (passed last week). Knowland backed the clause which vested the power to determine prevailing wages on interstate road construction in the proper state authorities. Democrats instead offered a clause giving the Federal Government, via the Secretary of Labor, the power to determine what are the prevailing wage rates in localities where the Federal highways will be built. In the end, the latter won. Observers ironically noted that "Mr. Republican" Knowland (and other GOP Senators) upheld the states' rights side of the argument; that Democrats (traditionally states' righters) deserted that principle for centralized Federal Government control.

● HR 3, embodying a really fundamental states' rights approach, stands in some danger of elimination because of a measure akin to it but lacking its scope. HR 3 provides that where the Federal Government legislates in any area that is also the subject of state legislation, the State law shall not be nullified unless the Federal statute specifically so provides or the two statutes are so inconsistent that they could not stand together. The Bridges-McCarthy measure simply provides that the Federal legislation aimed at subversives does not nullify similar state statutes. State authorities have been up in arms about the Supreme Court decision invalidating state sedition laws. Those who favor states' rights believe that HR 3 takes care of the latter problem, as well as many others, in its wider scope. Danger is that heat generated by outraged anti-Communists out in the states might enable — in the last crowded legislative weeks of this session — the Bridges-McCarthy bill to pass, but leave no time for consideration and passage of the more important, all-inclusive HR 3.

Growth of Student Conservatism: The impact upon the colleges of the Intercollegiate Society of Individualists, which in four years has equalled in membership the SDA (Students for Democratic Action — the student branch of the Americans for Democratic Action), was dramatically illustrated at Queens College in Flushing (part of New York City) during the mock convention held May 25 and May 26.

Queens College has been an overwhelmingly New Deal-Fair Deal institution, but conservatism has made impressive inroads in the last two or three years among the professors and students.

One thousand students participated in the mock convention whose highlights were televised over New York City's NBC station, WRCA-TV. Mayor Robert Wagner opened the convention with a frankly political appeal for more of the kind of social legislation that was sponsored by his father, the late Senator.

The convention was expected to be a struggle between Eisenhower and Stevenson. However, a group of conservative students — many of whom are weekly readers of HUMAN EVENTS — had formed the Robert A. Taft Club and they came within an eyelash of capturing victory at the convention.

A Taft club leader, Richard Whalen, nominated Governor Lausche. In the final vote, the Ohio Governor came within 50 votes — out of 1,000 — of beating Adlai Stevenson for the Presidential preference. Equally astonishing, Senator McCarthy — supposed to be anathema on the Queens College campus — ran a close second to Lyndon Johnson for the Vice Presidency.

Labor Front: President Eisenhower this week called on organized labor to "serve the individual and not seek to dominate him" — thereby raising hopes among Republicans that the President will follow the example of Taft who took much the same

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line in dealing with labor. But — Capitol observers ask — will Ike really follow through and (as Taft did so successfully) appeal to the rank and file of labor over the heads of the labor bosses? That is the way — they say — to win sufficient votes from the ranks to win the election.

The answer is that apparently so far the White House remains afraid of its Secretary of Labor Mitchell and that it lets the latter voice a quite different attitude towards labor than that held by Taft and presumably Eisenhower. Mitchell, for instance, last year publicly assailed "right-to-work" laws of 19 states, which ban compulsory unionism and protect the rights of individual workers against dominating union officials. A roar of protest among Republicans went up and Ike made it clear that Mitchell's statement was not the view in the White House. Again last week, Mitchell adverted again unfavorably to the right-to-work laws in an address to the Amalgamated Clothing Workers' union and appealed to this union for its support for the GOP.

What concerns many GOP leaders is that Secretary Mitchell apparently is sabotaging the only correct policy toward labor. Taft appealed to the rank and file of labor and ignored the bosses; Mitchell does the reverse — he cultivates the bosses and ignores the working masses. He attacks the right-to-work laws which aim to free those masses. All recent opinion polls show strong public and worker opposition to compulsory unionism. The wave of the future works on the side of Taft and Ike, if the latter will realize it and speak out — is the conclusion of labor experts here.

Letter from JOHN T. FLYNN, author and radio commentator: "HUMAN EVENTS is the perfect visitor for the busy literate citizen who is asking himself the meaning of this or that incident or event in our troubled country. The answers always come briefly, honestly, timely, from competent observers."

Strange Politics: Chairmen of Congressional committees are influential persons around Washington. By their power to refuse to call meetings, to decide agenda items, to control their committee's staff and in other ways, they frequently can prevent a bill they personally dislike from even being considered by the committee. Conversely, they can be of major influence in pushing a bill to approval.

A recent Washington meeting of the revived Citizens for Eisenhower organization wound up with its public relations director, former newspaperman, Richard J. Tobin, making an impassioned plea for election of a Republican Congress this fall. Prolonged Democratic control of Congress, he said, will mean continued control of its committees by "bigoted southern political hacks."

He coupled these comments with disclosure of plans for a concerted bid for Negro votes in 61 Congressional districts where campaign strategists have figured it out that the Negro vote could be the deciding factor.

By themselves, Tobin's comments might be viewed as smart politics; it is entirely conceivable that a successful GOP bid for Negro votes could mean a Republican-controlled Congress next January. But viewed in the context of the plea, voiced by President Eisenhower only a few days earlier, for enactment this year of 28 items on his legislative program, the comments become woefully inept bungling, typical of the amateurishness which has featured Citizens for Eisenhower activities in the past.

Nine of the Senate's fifteen committees have southern Democrats as chairmen, as do seven of the ten most important committees of the House. Nothing could be more calculated to arouse their opposition to the Eisenhower program, and to stir them to concrete steps to prevent its enactment, than such references to "bigoted southern political hacks."

Particularly if they are echoed by any other Republican leaders, the remarks undoubtedly will write "finis" to the working coalition of conservative Republicans and southern Democrats which for more than 20 years has prevented liberals from going completely hog wild in their efforts to speed the United States down the road to welfare state socialism.

The coalition already has been weakened by GOP (including Chief Justice Warren's) advocacy of racial integration. This should end it.

Leftward Court (Cont'd.): The Supreme Court lives up to its reputation for unpredictability by holding that Communist Party membership is "just cause" for dismissal of an employee by a non-governmental business (Cutter Laboratories) under

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the California Criminal Syndicalism law. Legal students had anticipated a contrary ruling on the basis of its recent trends.

But the real feature of this week's decision session was the little-noticed fact of three Justice dissents in this and two other unrelated cases. What makes the dissents noteworthy is the make-up of the trio: Associate Justices Hugo Black and William Douglas, to no one's surprise, and the latest Eisenhower appointee — Chief Justice Earl Warren.

Warren's adherence to the Black-Douglas philosophies surprises many but should not. Known widely as a "liberal" during his ten years as Republican Governor of California, he already, in his three years on the bench, has demonstrated his proclivity toward liberal-left interpretations of the Constitution (see news article "Leftward Court," in HUMAN EVENTS for April 28).

Some attorneys comment that the extent of the leftward trend of the dissenting trio is demonstrated by the fact that even such notorious liberals as Associate Justices Felix Frankfurter and Tom Clark, the latter the one-time Fair Deal Attorney General, were unable to go along with them.

OTC: The Chamber of Commerce of the United States currently is polling its 3,300 local Chambers and other affiliated organizations on a proposed policy statement which would endorse U.S. membership in "multilateral trade agreements." It would support American membership in the proposed Organization for Trade Cooperation (OTC), described by its sponsors as an administrative agency to police and enforce GATT — the General Agreement on Tariffs and Trade.

A bill to authorize U.S. membership in OTC has been approved by the House Ways and Means Committee but presently is stymied in the House Rules Committee, despite most urgent efforts by the Administration to get it before the House. The annual meeting of the U.S. Chamber last month refused to endorse the bill, decided on the poll of affiliated organization instead.

Comes now the Gloversville, New York, Chamber of Commerce with a letter to all 3,300 local affiliates urging them to vote against the proposed policy statement. Putting on paper reports which have been increasing in currency in recent days, the Gloversville Chamber President, Richard B. McNamara, says:

". . . local members have received numerous appeals from interests which seek to load the arguments in favor of United States membership in OTC. I am convinced that these interests do not speak on behalf of any but a small minority of U.S. Chamber members. Yet, as it stands, the impression gained from this literature which is prejudiced in favor of OTC might convince them that the distorted picture is the true one."

Accompanying the letter to all local Chambers is a 12-point brief explaining reasons why this country should not adhere to OTC.

Its opponents express fears that the Chamber poll may be weighted in favor of OTC by the refusal of some local Chamber officials to consult the wishes of their rank and file members. There is no requirement for consultation of any kind with individual members; officials of the affiliate, if they choose, can cast its vote themselves entirely on their own responsibility.

OTC opponents therefore urge that all individual members of the Chamber of Commerce or its affiliates make inquiry as to what their unit is doing about the poll, to be sure that the replies do represent the views of individual members.

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Article Section

ABOLISH THE INCOME TAX

By T. COLEMAN ANDREWS

Former Commissioner of Internal Revenue

RECENTLY, a 14-year-old boy won $100,000 on a television quiz program. He winds up with about $25,000, after giving the Federal Government its two-thirds tax share ($67,000) and New York State its $8,000.

Did I say that the young man won? Pardon me, Mr. Tax Collector, as you say, "After me, you come first."

In order to take home a full $100,000, that young man would have had to win a grand prize of roughly $765,000. Taxes would have taken all the rest.

Striking as his case is, it actually represents one of the lesser inequities of our present tax structure. Luck was on the boy's side; he was gambling, and after all he did win a sizeable amount.

But what of people of large earning power and often erratic income — high one year, low the next — actors, authors, painters and other artistic or professional people? More than luck and casual knowledge go into the winning of their jackpots. Usually their skill and talent is made to pay off only after long years of study and training. Yet the taxes they have to pay are equally brutal, equally confiscatory. Not being permitted to average their incomes over a period of years, except in special situations, they pay much higher effective rates than people with steady incomes.

The professional athlete fares even worse. Those who manage to break through to the top usually do well incomewise. But the way up is pitifully unrewarding, so much so that those who make the grade more often than not mount the throne of glory head over heels in debt. And their reign usually is short.

These are people with whom the tax collector forms a real heads-I-win-tails-you-lose partnership. For instance, let's see what the income tax does to a boxing champion:

If such a fellow winds up a year having to pay on $200,000 — not a high amount for even a not-too-colorful champion — he obviously is 50 times better off incomewise than, lets say, a man paying on $4,000. But — I still gasp at just the thought of this — *his tax is nearly 500 times more!* And before he can get clear financially some challenger polishes him off and puts him right back where he started. No averaging for him either. His are indeed the highest effective rates of all.

However, people of irregular earning power are by no means the only sufferers from our income tax laws. Almost everybody has now been gathered under the tent, and the percentage of those taxed leaves few immune to plucking who have enough feathers to notice.

It's "Legalized Confiscation"

Up to $2,000 of taxable income the tax collector takes 20 per cent. That's a mighty big bite for a person at that level of income. But, from there on, the revenue man really moves in fast. From $4,000 to $6,000 he takes 26 per cent. Between $8,000 and $10,000 it's a third. From $16,000 to $18,000 it's a half. From $32,000 to $38,000 it's two-thirds. From $50,000 to $60,000 it's three-fourths. And so on, until the top rate of 91 per cent (more than 9/10ths) is reached at $200,000. This is called "progression," a fancy term which, realistically defined, means "legalized confiscation." But if the term used to define this brigandage is fancy, the results are anything but fancy; they are murderous.

For instance, an executive, professional man or other person with an income of $40,000 pays 47 times more tax than the fellow with an income of $4,000. Think of it! Ten times more income, 47 times more tax!

The more you make, the bigger percentage goes for taxes. The table below shows Uncle Sam's "take" on various taxable incomes after deductions.

20	%	of $	2,000
26	%	of	4- 6,000
33⅓	%	of	8-10,000
50	%	of	16-18,000
66⅔	%	of	32-38,000
75	%	of	50-60,000
91	%	of amount over	200,000

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But even that isn't the whole of it. To the extent that income is derived from dividends, the government already will have skimmed off more than half (52 per cent) before you get yours. Every stockholder should realize by now that while he takes all the risk and responsibility, he's just a junior partner when it comes to participating in the profits and must eat at the second table and take what is left.

While the top rate (91 per cent) of our "steeply graduated" tax is not reached until taxable income amounts to $200,000, one-half of the graduation above the beginning rate of 20 per cent takes place by the time the income level reaches 1/10th of $200,000, or $20,000. This is rank discrimination against the middle-income, "white-collar" class. Is it deliberate?

Well, I'll give you one fact and one observation that ought to answer that question: The *fact* is that the first order of business of every dictatorship is to destroy the middle class. The two simply cannot live together. The masses are not regarded as a problem because dictators figure that the masses can be made to believe anything. The well-to-do don't count because there never are enough of them to be a serious threat.

The *observation* is that I have never known an advocate of statism in any form who did not give me the impression of being either a dictator at heart or a dupe. In my book one is as dangerous as the other.

In 1907 — 12 years after an income tax adopted in 1894 was declared unconstitutional — the late Cordell Hull, then a Congressman, started the ball a-rolling again with a resolution to amend the Constitution so as to permit the levying of an income tax.

In 1909 a similar resolution was offered in the Senate, and on February 3, 1913, the final act of ratification was completed. Then on October 3, 1913, President Wilson signed the first income tax bill under the 16th Amendment, a bill that imposed a tax that Senator Benjamin Harvey Hill many years before warned would enable the government to "make all property and rights, all states and people, and all liberty and hope, its playthings in an hour and its victims forever."

Senator Hill's fears were well founded. Everybody dances to the tune of the tax collector today. Once the government became armed with the income, estate and gift taxes, the people ceased to be masters of the government and became its victims. (I'm proud to say that my state, Virginia, never ratified the 16th Amendment. Senator Byrd's father saw to that.)

In a penetrating and prophetic speech against the income tax that was adopted in 1894, Representative William Bourke Cockran of New York warned that "democratic institutions must perish from the face of the earth if they cannot protect the fruits of human industry wherever they are, or in whatever proportion they may be held by the citizens."

Sir William M. F. Petrie, noted archeologist, whose study of the rise and fall of nations and civilization gave him unusual insight into the outcome of man's experiment with government, observed that "democracies consume themselves through excessive and unjust taxation until they collapse and are succeeded by the Man on Horseback or the rank growth of the jungle."

As Commissioner of Internal Revenue, I often thought how far we had gone toward consuming ourselves "through excessive and unjust taxation."

We have failed to realize, it seems to me, that through our tax system we have been playing right into the hands of the Marxists, who gleefully hail the income tax as the one sure instrument that will bring capitalism to its knees.

We also have failed utterly to see that Communism is not a political philosophy or plan but rather is a state of impotence to which those marked for subjugation by would-be dictators must be, and are, reduced in order to assure absence of effective resistance.

But there are other reasons for taking a dim view of our tax system, particularly the income tax, that are no less urgent than the fact that the system has become an ideological bombshell. I shall confine my comments primarily to the income tax. That alone is such a monstrous evil that it is hardly necessary to deal with other categories.

It's Too Complicated

One of the strongest and most serious counts in the indictments against the income tax is its complexity. It started out simple enough, but it is not an exaggeration to say that it has become as bewildering, confusing and frustrating a fiscal problem as the people ever had to cope with.

While I was Commissioner we tried everything we could think of to make this tax understandable, and I think we made progress. But we just have to face it: Relatively few people can handle even the short version of Form 1040 without assistance.

That's the nub of the whole problem: The forms have to follow the law; they can't be made any simpler than the law, and anyone who doesn't understand the law can't very well be expected to understand the forms.

Moreover, the unhappy truth is that it seems to be impossible to have simplicity and fairness at the same time. Most of the complexity in the present law came from efforts to achieve simplicity, plug so-called "loopholes," and remove discrimination. The sin of Congress lies in its failure to recognize this weakness of the income tax and do something about it long ago.

The present Administration came into power believing it could simplify the situation and make the law more equitable. It had pledged itself to try to do

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both, and it not only exerted itself to the utmost to make good its pledge, but called to its assistance as fine an array of professional and practical talent on a voluntary basis as was ever assembled by any Administration to assist it with any problem.

The Treasury and other Government people, and the volunteers from outside, all labored long and hard, and on August 16, 1954, after 18 months of the most prodigious effort by all hands, the President signed what has become known as the Internal Revenue Code of 1954.

Was this code an improvement over the old one? In certain mechanical respects it was. It also eliminated some injustices and softened others. But it did not banish the law's complexity. The fact is that many people think it made the situation more complex, and in some respects it did.

Let no one assume that the income tax law is any better understood in official circles than it is by its lay victims. I can't think of anything that would cause a more anguished howl from Capitol Hill than withdrawal of the men whom the Revenue Service assigns there to prepare returns for members of Congress or otherwise assist those ladies and gentlemen with the annual chore that confronts them as well as ordinary citizens.

Congress is not made up of supermen and superwomen. It is a collection of human beings, like the rest of us. Therefore, I do not wish to be understood as making any attack on these ladies and gentlemen. But frankness compels me to suggest that just as no one has to understand what dynamite is made of to know that it can blow a person to kingdom come, so also no Representative or Senator has to know how to determine the tax consequences of intricate corporate re-organizations to have found out by now that the income tax is hopelessly complicated and a Trojan Horse.

Who Understands It?

Who, if anybody, does really understand this tax? How about the people who write it? The answer is not greatly different. By the time the tax committees and their staffs get through with the grist that is delivered to their mills, many undecipherable changes have been wrought. The problem then presented is well illustrated by the struggle the experts in the Treasury Department have been having with the job of getting out regulations to cover the 1954 code.

There is official recognition of the fact that standing alone no revenue law is understandable. So the Treasury Department follows the enactment of each revenue law with an official interpretation of that law. The official interpretations are called regulations. Almost 22 months have elapsed since the Income Tax Code of 1954 became law — but the official interpretation of it isn't out yet!

It isn't that the people in the Treasury Department and the Internal Revenue Service haven't been trying to get these regulations out. Quite the contrary; they've been knocking themselves out at it. But it has been extremely difficult for them to reach agreement as to just what Congress meant at many points, and equally difficult to agree on how to express the intentions of Congress after agreeing upon what the intentions were.

No current discussion of the complexity of the law, and who does or does not understand it would be complete without recalling the case of the Representative who found himself confronted by a substantial proposed deficiency assessment from which there was no other escape, and got himself relieved by a bill applying only to his particular case.

Incidentally, this gentleman established something of a record for the passage of a bill pertaining to revenue, by putting it through the House and the Senate in the remarkable space of four days, including a Saturday and a Sunday.

What's even more remarkable, this bill went through the House without the customary hearing by the House Ways and Means Committee. The record indicates that it *was* considered by the Senate Finance Committee. Because of the private nature of it, it became, when signed, a "private law."

Believe it or not, that happened only last year, and it came as near to making suckers out of all the rest of us as any piece of tax legislation Congress has ever enacted. No need of trying, folks; ordinary citizens just can't get relief that way.

It's A 30-Year-Old Problem

While Congress has not done anything effective about the law's complexity, it has been aware of it for at least 30 years and was sufficiently concerned about it in 1926 to include in the Revenue Act of that year a section (120.3) which provided for the establishment of a committee, to be known as the Joint Committee on Internal Revenue Taxation, to investigate and report, among other things, "measures and methods for the simplification" of the Federal tax laws.

The Committee was established and is still in operation. It also has the duty of investigating the "operation and effects" of the tax system and the "administration of such taxes" by the Revenue Service.

Like all important Congressional committees, this one set up a staff to do the ground work that would be necessary as the basis for the committee's decisions.

This staff has had the duty, among others, of maintaining the surveillance that would lead to simplification of the revenue laws and keep the Revenue Service honest and efficient.

Has this watch been successful? The answer must be that it has not, for in

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spite of it the income tax law is infinitely more complex today than it was when the surveillance was established . . . for the first time in its history the Service was as near administrative collapse as it could be without folding up when the present Administration took over in January, 1953 . . . and never before did any Administration inherit such a mess of corruption (recently brushed off as a few "fly specks" on the nation's window panes) as the present Administration did.

Honest and efficient administration of public affairs cannot be achieved by invasion of the prerogatives and assumption of the responsibilities of executive officials by legislative bodies, committees, individuals, or committee staffs.

There is no basis for assuming that legislators or their staff assistants are more honest, or might be more efficient, than Administration officials. Nor can enduring honesty or efficiency be achieved by legislation. Honest and efficient public administration can be achieved only by honest and efficient administrators honestly appointed and free to act only in the interest of the people.

It Costs The Government Too Much

Another count in the indictment against the income tax — and a very serious one — is the high cost of it. There are two categories of this cost: first, what the Government *spends* to administer the law; second, what the taxpayer *pays* to comply with it.

Notice that in identifying the first category of cost I did not speak of it as a cost that the Government "pays." The Government doesn't pay any part of this cost; the taxpayers pay every cent of it — the cost of administration as well as the cost of compliance. The Government never pays anything; it spends and the taxpayers pay.

I am not suggesting that the Internal Revenue Service is wasteful or inefficient, because I know better. After three years of unrelenting war against red tape and unnecessary overhead, and of using the savings thus made to strengthen and expand enforcement and other operating activities, the Service is showing a degree of improvement of which its management and personnel have every right to be proud.

What I am suggesting is that the complexity of the income tax law necessitates the use of a lot more people in the nation's Revenue Department than would be necessary under a simple and better understood revenue system and that, therefore, the cost of administration is a great deal more than it ought to be. We should have a revenue system under which no more than one-half the present revenue force would be required.

The irony of the present situation is that even the 50-odd thousand people presently employed in the Internal Revenue Service are not enough to assure adequate enforcement. The Service is not examining anywhere near as many returns as it should be examining. It's doing a lot better today than it was when the present Administration took over, but it still is reviewing no more than one-third of the number of returns that it could examine with profit if it had the people to do it with.

More Agents Needed

In the first two years of the present Administration, Congress showed a disposition to correct this deficiency, and to that end it indicated its approval of a program that would add 1,000 revenue agents a year until the number was doubled. But, when the control of Congress changed at the beginning of 1955, there was a mysterious determination that the Service had reached its "optimum level" of employment. This decision was announced in the face of incontrovertible evidence to the contrary and of equally clear evidence that the Service could expect to collect in revenue from $10 to $20 for every dollar spent on new agents.

The most plausible explanation that we ever got of this curious action was the suggestion that there was more fear that the taxpayers would react adversely to close enforcement of the law than there was concern about the revenue that would be lost by inadequate enforcement.

People don't resent full enforcement of tax laws. They do resent inadequate enforcement, because they know that a lot of people don't pay what they should when enforcement is inadequate.

It Costs YOU Too Much

Of the two elements of the cost of the income tax, the part paid by the taxpayers in complying with the tax is by far the larger. One reason for this is that the Internal Revenue Service doesn't have enough top-grade agents and has to spread itself thin in the examination of the complicated tax returns.

This frequently leads to unduly protracted examinations, and the over-all results sometimes are appalling in terms of unnecessary and long interruption of the regular duties of taxpayers' accounting and clerical personnel, and of the cost of professional services of one kind or another that are required to satisfy the examiners.

Many taxpayers complained bitterly to me about this situation, and I couldn't honestly disagree with them. All I could do was explain the problem and beg their indulgence. Not one ever refused, but none of them was happy about it — and I didn't blame them.

Many, too, were the taxpayers who asked, "Why should this thing be so complicated that I have to pay big fees to accountants and lawyers to make my returns and argue with your people for me?" I couldn't quarrel with these people either, because I knew their complaints were justified.

If a satisfactory substitute for the income tax cannot be found, the only

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answer to the first complaint is more revenue agents of top grade. But frankness compels me to say that there seems to be good reason to believe that Congress, as presently controlled, will not permit the Service to have all the agents it needs.

At least some of the members of Congress must fear what many knowing outsiders firmly believe, namely, that if Congress ever allowed the Revenue Service to have enough money for all-out enforcement of the income tax, the demand for repeal would become so great within a year that it would be irresistible.

As to the complaint about having to employ professional help, there is no answer short of wiping the slate clean and starting fresh.

It's Unstable

Another count in the indictment is that the income tax is unstable. Being based upon income, it's a low producer in slack times and a high producer in good times. Thus, theoretically, rates must be raised when people are least able to pay, and they may be lowered when everybody is most able to pay.

I am aware, of course, that Congress' practice is to resort to the use of deficit financing in slack times in order to avoid increasing taxes. But this validates my citation of inherent instability. I am also aware of the tendency to hold expenditures at such a level that decreases are seldom effected in good times. I suggest that this only compounds that instability.

After 23 years of deficit financing everyone should be convinced by now that in addition to all the other indictments that may be laid against the income tax it just isn't up to the job that has to be done. But, to paraphrase Virginia's Senator Byrd, if the job can't be done in prosperous times like these — and, I might add, at the outrageously high tax rates presently in effect — when can it be done?

The man-made deficiencies of the income tax law are to a large extent the consequences of submission to the demands of pressure groups. For instance, tremendous accumulations of income-producing wealth have been removed from the jurisdiction of the income tax law by the exemptions granted to foundations and certain other non-profit organizations.

Considering the fact that large accumulations of funds such as those segregated for the use of foundations usually compound themselves, it is clear that the effect of this removal of income from the reach of the tax collector is to cause the government a loss of revenue that grows and grows with the passage of time.

Billions of dollars of potential income also are kept out of the reach of the tax collector by the government's engagement in business activities that compete with private enterprise.

The Second Hoover Commission tells us that "More than 2,500 business facilities that provide goods and services are operated by the Defense Department alone," that the investment in these facilities exceeds $15 billion, and that the facilities range all the way from "shoe repair shops to clothing factories, from cement mixing plants to sawmills, from chain stores to tree and garden nurseries."

In all the foregoing ways (and in others as well — space does not permit complete citation), we have by legislative enactment deliberately kept taxable income from keeping pace with economic development and growth, thus precluding realization of the full potentialities of the income tax as a revenue producer and making it more and more unequal to its job. And, sin of all sins, we've made up the loss by taking it out of the hides of the people with the know-how that has so largely accounted for our success as a nation.

Also, the income tax having proven to be an unstable source of revenue, Congress has availed itself of a variety of other taxes, some, if not many, of which could be dispensed with if the primary tax were a stable one and could be permitted to produce fully and freely.

What Can We Do About It?

What then can be done about all this? I suggest that the time has come to take a new and sincerely critical look at our whole tax system. After all, some elements of the present system are as old as the Union itself. Even the income tax, which we have been relying upon as our primary source of income ever since shortly after it was adopted, isn't any chicken. It's 43 years old.

Now, clearly, age alone is not a sufficient reason to condemn any particular tax or any tax system. But, as I have shown, there's a lot wrong with the income tax besides its age. Moreover, it isn't just old; it is incurably infirm. If the present Administration couldn't give it simplicity and effectiveness, I don't believe anybody can.

My proposal is simple. It is that Congress appoint a Hoover-Commission-type group to make a really critical analysis of the income tax in particular and of the tax system in general, and to study such reasonable proposals as may be made with regard to both. Such a study is long overdue. None has been made in 43 years.

There hasn't even been any search for something better in all that time. Inci-

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dentally, why hasn't such a search been conducted on a continuing basis? Research pays off handsomely for business as to matters far less important to it than the Government's tax system and its principal source of revenue are to it. It's time the Government got some research started in this important field.

Such a commission as I have in mind should be a non-partisan one, and all the responsibility for it and its findings should be assumed by Congress. Moreover, it should not be put under the handicap of a deadline. It should have time to do a thorough job, and not be restricted in its inquiry.

No doubt most of my readers have asked by now, "Well, if we get rid of the income tax what would you put in its place?" That's a fair question, and I have some ideas. But that's not the immediate problem. Moreover, if I proposed any substitute tax or plan at this juncture the first step in my proposal would never be taken. The necessity for a commission to go into the whole problem of taxation thoroughly would be lost in an argument over whether my suggestions would be feasible. Those who have a vested interest in maintaining the status quo would see to that. There are many such people, and some of them have tremendous political power.

For the time being I will say only that I believe that a law or system can be contrived that would be simple enough for the average taxpayer to understand, relatively inexpensive for the Government to administer and the taxpayers to comply with, and withal a stable source of revenue. Such results have been worked out in at least two very important categories of business enterprise. I believe that the same can be worked out for business generally, and for individuals as well.

It's Destroying The Middle Class

In conclusion, I address myself particularly to the members of Congress.

There isn't any time to lose, ladies and gentlemen. Whether you believe it or not, everybody is being overtaxed and the middle class is being taxed out of existence. Thereby, the nation is being robbed of its surest guarantee of continued sound economic development and growth and its staunchest bulwark against the ascendency of socialism. We, who somehow have managed to hold on, finally are beginning to see the shameful extent to which we have been made the special victims of rapacious tax enactments — and we don't like it.

The marvels of television have brought the truth home to us with indelible clarity. The "Big Surprise" to us — and to others as well — has been how little we have left after the "G (Gimmy) Man" has taken his cut. And now that we have seen what a cleaning we've been getting from our "Government," our "$64,000 Question" to you is: How long do you think the people are going to let such banditry and extreme complexity continue?

Having to accept the short end of the deal in time of emergency is one thing. We do that cheerfully. But having to continue the tax collector as senior partner in peacetime, with annual costly struggles with legislative mystery and little more reward than a pyramided bureaucracy, is quite another. It makes us wonder whether we are being represented or sold down the river. We are anything but cheerful about this.

We don't have enough left in our businesses after taxes to keep abreast of the demands of our customers; and since even more is extracted from us as individuals we can't accumulate anything and are not able to increase our investment in our businesses and in our country's growth.

Things are mighty serious, ladies and gentlemen. Largely because of the income tax, big business gets bigger and little business and "substantial folks" are beginning to disappear.

We are concerned about the future because we don't believe that we could stand another serious recession, what with the present "good times" founded as largely as they are on defense production, deficit financing and other generators of thin-ice and phony prosperity, and with the tax collector taking the fruits of our labors in "progressive" ratio to our achievements. High rates of tax don't mean anything when there isn't anything to tax.

Time's a-wasting, and the enemies of the way of life that we cherish rejoice as we are obligingly led closer and closer to national suicide.

What are you going to do about it . . . and when?

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